PERSPECTIVES ON LOW-INCOME WORKING FAMILIES

THE URBAN INSTITUTE
Brief 6, August 2008

# Food Stamps, Federalism, and Working Families

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The combination of a domestic economic slowdown and the recent worldwide rise in food prices threatens to increase the number of American households experiencing "food insecurity," which the government defines as lacking access to enough food for an active, healthy life at all times (Nord, Andrews, and Carlson 2007). The same conditions reduce revenues and increase costs for state governments (Dadayan and Ward 2008), leaving them with few resources to alleviate family stress. They can, however, take advantage of state Food Stamp Program (FSP) policy options that increase eligibility and benefits. The state cost of expanding FSP is low because the federal government pays the entire cost of benefits and about half of state administrative expenses.

This brief focuses on the Food Stamp Program options that particularly affect working families, defined throughout as households with earnings and children under age 18. Estimates show that 63.9 percent of the individuals in working families who qualified for benefits actually participated in the program in fiscal year 2006, representing a significant increase over participation earlier in the decade (Wolkwitz 2008).

The brief reviews the changing federal and state program options and their potential effects on working families. This review assesses eligibility rules and participation just after passage of the 2008 Farm Bill, which reauthorizes the program and changes its name.[1] The brief also examines the Farm Bill provisions likely to have the biggest impact on participation by working families. It shows changes in the working-family share of program participants over time and differences among racial and ethnic groups and among states. It highlights seven state policy options that are particularly important to working families, research findings about their impact on participation, and the extent to which states have adopted them. The brief ends with a discussion of state FSP policy decisions in the context of the more general devolution of welfare programs from the mid-1990s to the present.

## Federalism and Food Stamps

The federal government and the states share authority over the Food Stamp Program, which serves more than 27 million people each month. The federal government sets the program's income eligibility limits and benefit levels, both of which are uniform across states except for adjustments to reflect the higher cost of living in Alaska and Hawaii. The federal government also pays the full cost of benefits, all administrative costs at the national level, and about half the administrative costs at the state level. States administer the program, pay the other half of their administrative costs, and choose among various policy options that can affect eligibility and participation.

Welfare reform's emphasis on work, and the rapid reduction in the number of families receiving cash assistance during the late 1990s, drew new attention to the factors that made low-income households with earnings and children ineligible for the Food Stamp Program or discouraged participation by eligible working families (Currie 2003; Daponte, Sanders, and Taylor 1999; Zedlewski and Rader 2005). Asset limits, set low and applied to the automobiles parents needed to get to work, made some working fam-

*State governments can take advantage of Food Stamp Program policy options that increase eligibility and benefits.*

ilies ineligible for food stamps. Other working families, including some that had left cash assistance, were eligible for food stamps but did not know it. And the burdens of enrolling and staying enrolled, including paperwork, time, and the cost of traveling to program offices, kept some working families that were eligible, and knew it, from applying for food stamps. Congress and the United States Department of Agriculture, Food and Nutrition Service (FNS), which administers FSP, responded by giving states new options that could be used to address these factors.

The 2002 Farm Bill that reauthorized the Food Stamp Program wrote into law several options that some states were already using under waivers or regulations, including simplified definitions of income and assets and transitional benefits for families leaving Temporary Assistance for Needy Families, or TANF (Dean and Rosenbaum 2003). The 2002 bill also extended the maximum period for transitional benefits from three to five months.

Perhaps even more important, the 2002 Farm Bill changed the context of state decisionmaking by reforming the Food Stamp Program quality control (QC) system, which assesses benefit error rates at the state level, to eliminate the incentives that had led states to impose stricter certification and reporting requirements on households with earnings (Kabbani and Wilde 2003). Because the earnings of low-income families are volatile, determining eligibility and benefits for working families is difficult and error-prone.

Under the QC system in place before the 2002 changes, states with above-average error rates were subject to severe financial penalties. In FY 1999, for example, 23 states incurred $75 million in potential liabilities, led by Michigan at $30 million. In practice, the penalties were often waived or reduced, and states were allowed to reinvest whatever penalties remained in improvements to FSP administration rather than give the money back to the federal government. Nonetheless, state officials in this period appear to have taken the threat of penalties very seriously and made policy decisions with that possibility in mind (Kabbani and Wilde 2003; Rosenbaum 2000).

The new QC system established by the 2002 Farm Bill reduces the likelihood of state penalties. The threshold that triggers federal action is higher than before and states only incur a financial penalty when they have exceeded this threshold in consecutive years. States that do incur penalties may be able to reinvest up to half the amount in administrative improvements, and the other half may be waived if the state error rate drops in the following year.

A number of provisions in the 2008 Farm Bill, recently enacted over President Bush's veto, promise to make additional working families eligible or increase the benefits working families can claim (Rosenbaum 2008).[2] Beginning in FY 2009, asset limits will be indexed for inflation and will exclude retirement and education accounts. The Farm Bill also removes the current caps on the deduction for the cost of dependent care, $200 a month for infants and $175 a month for other children, and increases and indexes the standard deduction available to all participants.[3]

The Farm Bill modestly expands state options by allowing them to adopt systems in which applicants provide signatures by telephone, instead of requiring written signatures that must be delivered to food stamp offices in person or by mail. As discussed below, the bill also permits states to use transitional benefits more broadly.

## Working Families in the Food Stamp Program

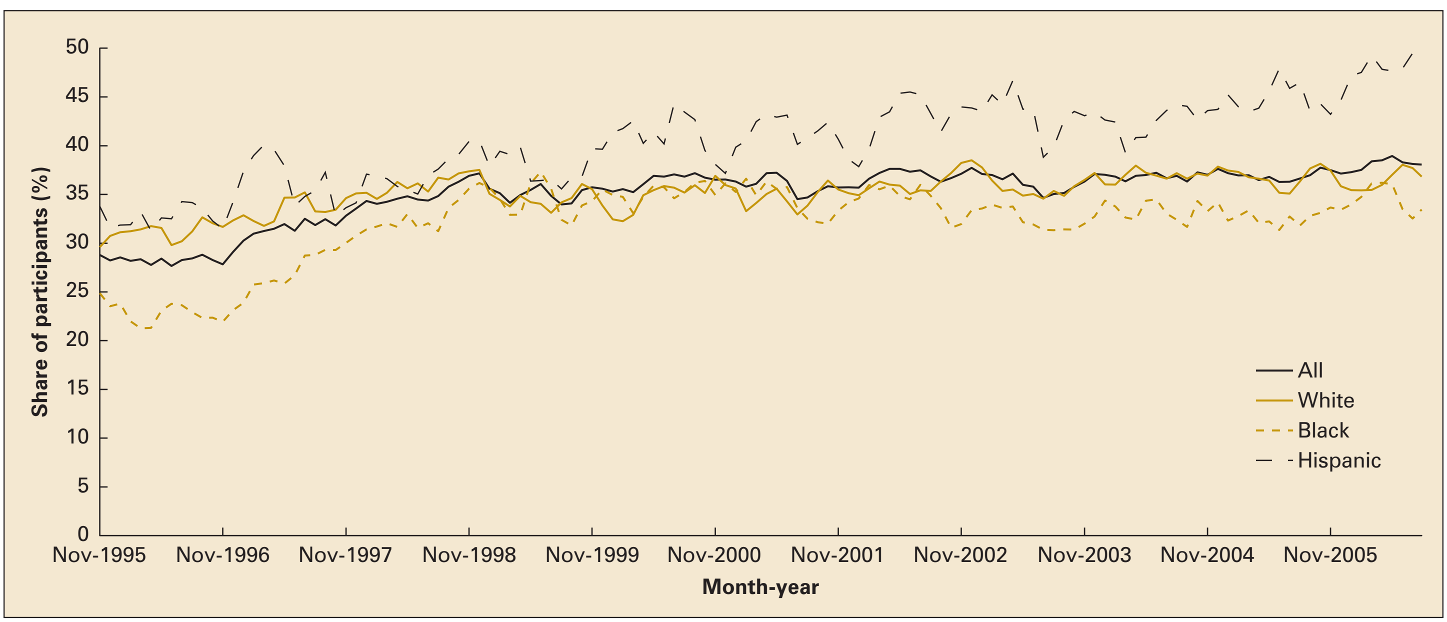
Participation in the Food Stamp Program can substantially increase the purchasing power of working families. The average monthly benefit for enrolled working families in FY 2006 was $275, equivalent to 24 percent of their gross income.[4] To be eligible for this benefit, a working family must normally have gross income at or below 130 percent of federal poverty guidelines (currently $2,238 a month for a family of four), net income (after various deductions) at or below 100 percent of the guidelines ($1,721 a month), and assets of $2,000 or less. Legal aliens in the United States for less than five years may be ineligible for benefits, and undocumented immigrants need not apply. To actually receive benefits, a family member must provide documentation that the household meets these requirements, complete other paperwork, and visit an office that may be hard to get to, open for limited hours, or have an atmosphere that makes applicants feel unwelcome (Zedlewski and Rader 2005).

Just before passage of the central measure of welfare reform in 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), individuals in working families made up less than 30 percent of all Food Stamp Program participants (figure 1). Since then, their share has risen to nearly 40 percent, with most of the increase in the first few years after PRWORA. During this period, the working family share of Food Stamp Program participants increased across racial and ethnic groups. The increase in the first few years after PRWORA was particularly sharp among African Americans, but the percentage of black participants who are in working families remains a few points lower than the overall rate of 38 percent. The working family share of Hispanic participants has risen steadily and is now close to 50 percent. The working family share of program participants has also grown among Asians and Pacific Islanders and among American Indians and Alaska Natives, though the time series for these groups (not shown separately) are noisier due to smaller sample sizes.

Figure 2 shows absolute numbers for participants in working family households and for other participants. The number of participants in working families fell in the late 1990s, which suggests that the increased working-family share of the caseload during this period resulted from an even sharper decline in the numbers for other participants, particularly families with children and no earnings. After dipping below 6 million during FY 1999 and 2000, the number of working-family participants rose to just under 10 million in FY 2006. Both weaker economic conditions and changes in state and national policies may have contributed to this increase.

Table 1 shows state-level estimates for the FY 2006 share of individual participants who were in working families (at least one child under age 18 and earnings in the month they were sampled). The estimates range from 13 percent of individual recipients in the District of Columbia and 18 percent in Rhode Island to 49 percent in Idaho and 52 percent in Missouri. All the New England states (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont) fall below the national level of 38 percent on this measure.[5] Variation in the share of individuals in working households that make up a state's total caseload reflect differences in FSP rules, rules for welfare programs, and,

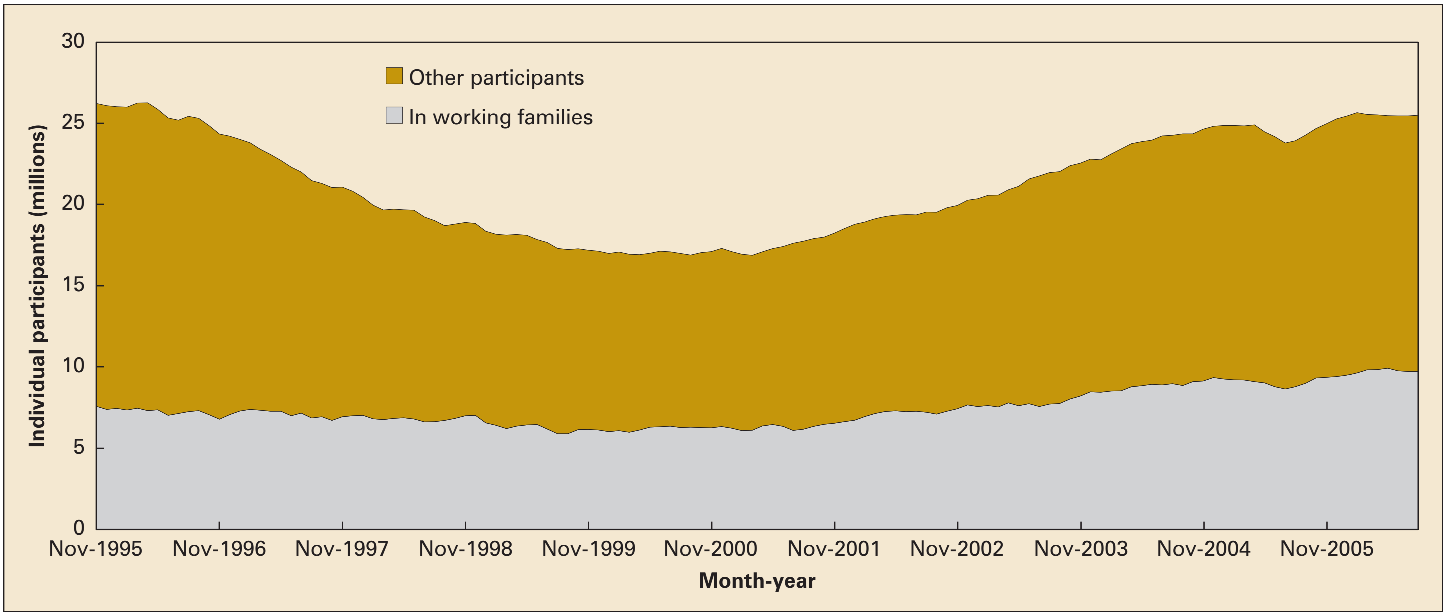
*FIGURE 1. Share of Food Stamp Participants in Working Families, by Race and Ethnicity, FY 1996–2006*




*Source:* Urban Institute analysis of Food Stamp Program quality control data.

*Notes:* Figures shown are three-month moving averages. Participants "in working families" live in households with at least one child under age 18 and earnings in that month. Estimates for whites and blacks are for non-Hispanics only; estimates for Hispanics are for any race. Asians and Pacific Islanders and American Indians and Alaska Natives are not shown separately but are included in "All." Excludes data for Guam and Virgin Islands. Data for Louisiana (June–December 2005) and Mississippi (June–September 2005) are missing because of Hurricane Katrina.

*FIGURE 2. Food Stamp Participants in Working Families and Other Participants, FY 1996–2006*




*Source:* Urban Institute analysis of Food Stamp Program quality control data.

*Notes:* Figures shown are three-month moving averages. Participants "in working families" live in households with at least one child under age 18 and earnings in that month. Excludes data for Guam and Virgin Islands. Data for Louisiana (June–December 2005) and Mississippi (June–September 2005) are missing because of Hurricane Katrina.

of course, the demographic and economic profile of the state. For example, states with relatively larger shares of low-income working families and states with more liberal eligibility rules for working families will tend to have larger shares of working households in their caseloads, all else equal.

## State Differences in Food Stamp Program Rules

Whether a working family is eligible for food stamps may depend on state policy choices about vehicle rules, categorical eligibility, and transitional benefits. The extent of state outreach may determine whether an eligible family knows it may be eligible. And what the family must do, at what intervals, to remain in the program depends on state decisions about certification periods, reporting requirements, and face-to-face interviews.

Table 1 compares state Food Stamp Program rules in these seven categories. In each category, the policy option expected to be most conducive to participation by working families is scored as a plus (+). For vehicle rules, certification periods, and reporting requirements, it is also possible to identify the policy option expected to be least conducive to participation by working families, scored with a minus sign (–). For five of the seven policies, at least two of the studies discussed provide some evidence that the policy has the expected and intended effect. The evidence on transitional benefits is mixed, and the impact of waiving the recertification requirement of a face-to-face interview has not been studied.

### *Vehicle Rules*

Most Americans get to work by car. Under Food Stamp Program rules, however, the market value of an automobile above $4,650 is counted against the household resource limit of $2,000 ($3,000 if the household includes an elderly or disabled person). The $4,650 threshold has not been adjusted for inflation since 1996, and money that may be owed on the vehicle is not taken into account. Under these rules, an automobile that is reliable enough to get a low-income parent to work may be valuable enough to make the family ineligible for food stamps. Ratcliffe, McKernan, and Finegold (2007) find increased enrollment in states that excluded vehicles from Food Stamp Program eligibility determinations. Cody and colleagues (2008) also find a positive effect,

*TABLE 1. State Use of Food Stamp Program Options*

| State | Individuals in working families, as share of all participants | Vehicle rules | Expanded categorical eligibility | Transitional benefits | Outreach | Certification periods | Reporting requirements | Waives face-to-face |
|---|---|---|---|---|---|---|---|---|
| Alabama | 36% | + | | | | + | + | |
| Alaska | 42% | | + | | + | | + | |
| Arizona | 47% | | + | + | + | | + | + |
| Arkansas | 40% | | + | | + | + | + | + |
| California | 37% | + | | + | + | + | | |
| Colorado | 34% | + | + | | | + | + | |
| Connecticut | 25% | + | + | | + | | + | + |
| Delaware | 46% | + | + | | | | + | + |
| District of Columbia | 13% | + | | | | | + | |
| Florida | 35% | | + | | | | + | + |
| Georgia | 43% | + | + | + | + | | + | |
| Hawaii | 37% | + | | | | + | – | |
| Idaho | 49% | | | | | | + | |
| Illinois | 35% | | | + | + | | + | + |
| Indiana | 40% | + | | | | | + | + |
| Iowa | 41% | | | | | + | + | |
| Kansas | 44% | + | + | | + | + | + | |
| Kentucky | 34% | + | + | | | | + | |
| Louisiana | 39% | + | + | | | + | + | + |
| Maine | 35% | | + | | | + | + | |
| Maryland | 34% | + | + | + | | | + | |
| Massachusetts | 23% | + | + | + | + | | + | + |
| Michigan | 41% | + | + | | + | + | + | |
| Minnesota | 29% | | + | | + | + | – | |
| Mississippi | 38% | + | | | | | + | |
| Missouri | 52% | + | + | | | | + | |
| Montana | 41% | + | | | + | + | + | |
| Nebraska | 41% | | + | + | | | + | |
| Nevada | 38% | | + | | + | | + | |
| New Hampshire | 32% | | | + | + | | + | |
| New Jersey | 33% | + | | | | | + | |
| New Mexico | 48% | + | + | + | | + | + | + |
| New York | 31% | | | + | + | | + | + |
| North Carolina | 35% | | + | + | | | + | + |
| North Dakota | 42% | + | + | | | | | |
| Ohio | 36% | + | + | | + | | + | |

(*Continued*)

*TABLE 1. State Use of Food Stamp Program Options (Continued)*

| State | Individuals in working families, as share of all participants | Vehicle rules | Expanded categorical eligibility | Transitional benefits | Outreach | Certification periods | Reporting requirements | Waives face-to-face |
|---|---|---|---|---|---|---|---|---|
| Oklahoma | 41% | | + | + | | + | + | |
| Oregon | 37% | | + | + | + | + | + | |
| Pennsylvania | 34% | | + | + | | + | + | + |
| Rhode Island | 18% | | | | + | | + | |
| South Carolina | 38% | + | + | | | + | + | + |
| South Dakota | 46% | | + | | | + | – | + |
| Tennessee | 33% | + | + | + | + | | + | + |
| Texas | 48% | | + | | + | | + | + |
| Utah | 46% | + | + | | | – | | + |
| Vermont | 34% | | + | | + | | + | + |
| Virginia | 36% | + | | + | | + | + | |
| Washington | 36% | + | + | + | + | + | + | + |
| West Virginia | 34% | + | + | | | | + | |
| Wisconsin | 44% | + | + | + | + | + | + | |
| Wyoming | 46% | | | | | – | | |
| Number of "+" states | | 29 | 35 | 18 | 23 | 21 | 44 | 20 |
| Number of "–" states | | 0 | | | | 2 | 3 | |

Key:

Vehicle rules: +, all automobiles excluded; –, standard FSP rules (market value over $4,650 counted against asset limit)
Expanded categorical eligibility: +, categorical eligibility covers families receiving noncash assistance from TANF
Transitional benefits: +, offers transitional benefits to households leaving TANF
Outreach: +, has formal outreach program
Certification periods: +, 12 months or more for more than 50 percent of households with earnings and children; –, 3 months or less for more than 50 percent of households with earnings and children
Reporting requirements: +, simplified reporting for more than 50 percent of households with earnings and children; –, monthly reporting for more than 50 percent of households with earnings and children
Waives face-to-face: +, face-to-face interview not required for recertification (statewide only)

*Sources*: Individuals in working families, certification periods, and reporting requirements: Urban Institute analysis of FY 2006 Food Stamp Program quality control data. Vehicle rules, expanded categorical eligibility, transitional benefits, outreach, and waives face-to-face: U.S. Department of Agriculture, Food and Nutrition Service, *Food Stamp Program State Options Report,* 7th ed. (November 2007).

*Note:* All counts treat the District of Columbia as a state but exclude Guam and the Virgin Islands.

although as the authors note, the size of the effect is sensitive to data and assumptions. Hanratty (2006), however, finds no significant effect.

Although the standard policy has not been revised, FNS has allowed states to align Food Stamp Program vehicle rules with those for TANF cash assistance or other programs financed with TANF funds or counted toward a state's TANF maintenance of effort (MOE) requirement. As table 1 shows, twenty-nine states currently exclude the value of all automobiles.[6] Another 16 exclude the value of at least one car, and 6 apply limits higher than $4,650 and/or go by equity rather than market value. The only place where the standard vehicle policy still applies is the Virgin Islands.

## *Expanded Categorical Eligibility*

National Food Stamp Program rules make households automatically eligible if everyone is receiving Supplemental Security Income, TANF cash assistance, or other benefits or services for which more than half the cost comes from the state's TANF grant or is counted toward its MOE. Thirty-five states go further and allow receipt of benefits from other means-tested programs that serve the purposes of the TANF block grant, as detailed in PRWORA (table 1). Examples of such programs include child care in Pennsylvania and transportation assistance in Arkansas. President Bush has repeatedly, but so far unsuccessfully, proposed to limit categorical eligibility to recipients of cash assistance, thus eliminating mandatory eligibility for those whose services are primarily financed by TANF or counted toward state MOEs, as well as the broader categorical eligibility conferred by state option. The proposed changes would end eligibility for more than 300,000 people, most of them in working families (Dean and Rosenbaum 2007).

Ratcliffe and colleagues (2007) find that expanded categorical eligibility increased food stamp receipt by about 2 percentage points. Cody and colleagues (2008) also report evidence of a positive effect, but as with vehicle rules, the authors find that the size of the effect is sensitive to data and assumptions.

### *Transitional Benefits*

Transitional benefits are another state option that links Food Stamp Program eligibility with TANF. For families leaving TANF, states can freeze food stamp benefits at the level the family received while it was participating in TANF, plus an adjustment for the loss of the income from cash assistance. This is particularly valuable to families leaving TANF because a parent gets a job; without transitional benefits, the new earnings might reduce the family's food stamp allocation or cause it to become ineligible altogether.

Before the 2002 Farm Bill, only New York offered transitional benefits, under a waiver authorizing the state to freeze benefits for up to three months. The 2002 Farm Bill gave states the option of providing up to five months of transitional benefits. The 18 states with this policy (table 1) all extend the benefits for the maximum five months.

The 2008 Farm Bill broadens the use of transitional benefits by allowing states to make them available to families leaving state-funded cash assistance programs as well as those leaving TANF. Some states use TANF MOE dollars to provide such assistance to immigrants who meet all TANF requirements except those pertaining to citizenship, to families exhausting their 60 months of TANF participation under the federal lifetime limit, or to two-parent families that might otherwise cause the state to incur penalties for missing TANF work participation targets.

Cody and colleagues (2008) suggest that the long-term effects of transitional benefits on state participation rates may differ from the short-term effects: in the short run, transitional benefits keep families leaving welfare in the Food Stamp Program, but to the extent that they encourage employment, as they are intended to do, transitional benefits might reduce the long-term need for food assistance. Transitional benefits did not have a significant effect in their model. Danielson and Klerman (2006) find that transitional benefits increase participation, but transitional benefits have a significant negative effect on food stamp receipt in Ratcliffe, McKernan, and Finegold's model (2007).

### *Outreach*

Working families are a frequent target for state outreach efforts (Zedlewski et al. 2005). Twenty-three states had formal outreach plans in November 2007 (table 1). Ratcliffe and coauthors (2007) find that state-level outreach spending has a small, lagged, positive effect on food stamp participation. Kabbani and Wilde (2003) find that outreach spending has a positive effect on participation by working households but no effect on participation by nonworking households. Cody and coauthors (2008), using the existence of a state outreach plan rather than a spending measure as their independent variable, do not find a significant effect.

*The average monthly benefit for enrolled working families in fiscal year 2006 was $275, equivalent to 24 percent of their gross income.*

### *Certification Periods*

All Food Stamp Program households are assigned a certification period, at the end of which reapplication, which may include a face-to-face interview, is required. States can assign certification periods from 1 to 12 months; households where every member is elderly or disabled can be certified for up to 24 months. Current federal regulations say that "State agencies must assign the longest certification period possible based on the predictability of the household's circumstances" and that this will normally be at least six months (7 CFR 273.10). In practice, some states assign longer periods than others.

Longer certification periods encourage participation because they lower the burden of complying with program rules. Hanratty (2006), Kabbani and Wilde (2003), and Ratcliffe and colleagues (2007) all find that the length of certification periods significantly affects participation. Cody and colleagues (2008), in contrast, do not find any effect.

Before the 2002 Farm Bill, up to 40 percent of working families were assigned short certification periods, lasting three months or less (figure 3). Although this policy made it harder for these families to participate, it reduced the chances that the month-to-month changes in earnings that many low-income working families experience would produce costly quality control errors in eligibility and benefits. With the new system in place, assignment of short certification periods to working families has nearly disappeared.

Table 1 shows that in FY 2006, 21 states assigned certification periods of 12 months or more to more than half their households with children and earnings. Utah and Wyoming, however, continue to assign certification periods of 3 months or less to more than half of their working families.

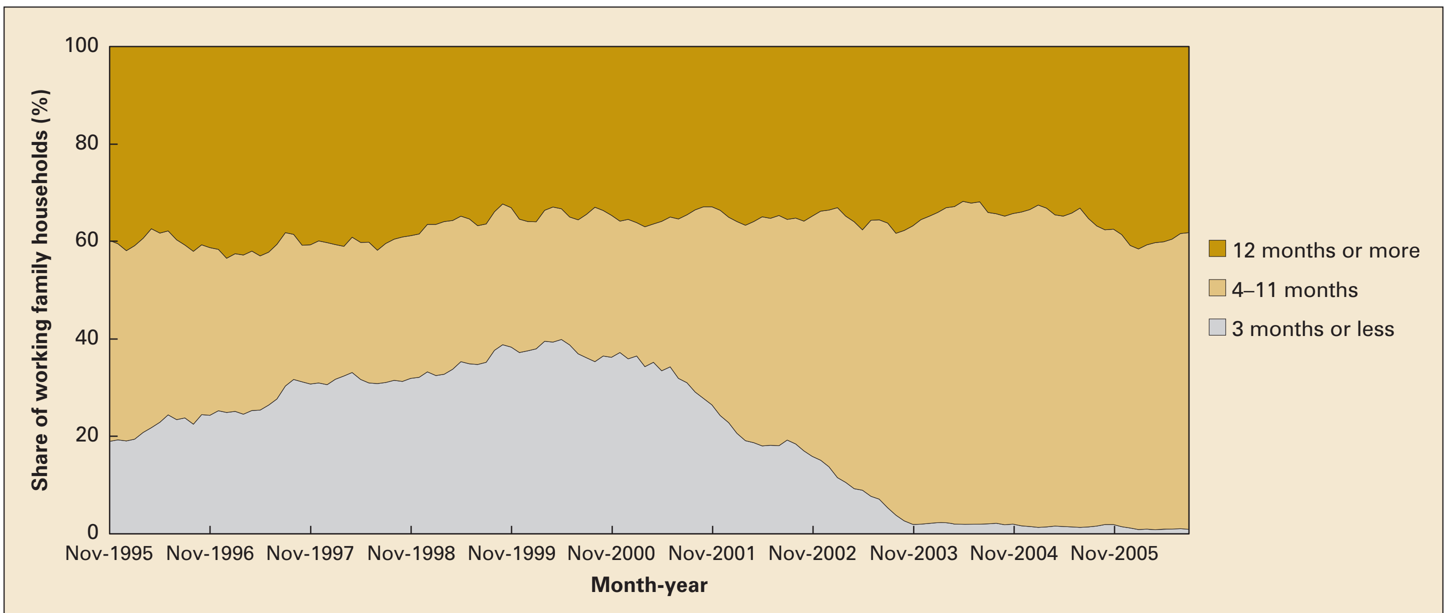
*Washington is the only state that has adopted the most expansive policy options in all seven categories.*

### Simplified Reporting

Within the certification period, a Food Stamp Program household is required to report its members' income and employment, changes in which might lead to changes in eligibility or benefit amounts. States can and do assign different reporting requirements to different households. As with certification periods, we would expect stricter requirements to be associated with reduced participation. Danielson and Klerman (2006), Ratcliffe and coauthors (2007), and Cody and coauthors (2008) all find some evidence that more lenient reporting requirements were associated with higher participation. Hanratty (2006) does not find a significant effect.

The standard policy is monthly reporting. Even before PRWORA, however, states were able to modify this by adopting change reporting, under which a household was only required to report if the change exceeded a threshold of $25.[7] In 1999, FNS indicated it would approve waivers that allowed states to adopt quarterly reporting for earners. The following year, FNS indicated it would approve waivers for "simplified reporting," under which earners would be only required to report every six months as long as gross income

*FIGURE 3. Certification Periods for Working Families, FY 1996–2006*




*Source:* Urban Institute analysis of Food Stamp Program quality control data.

*Notes:* Figures shown are three-month moving averages. "Working families" are households with at least one child under age 18 and earnings in the month. Excludes data for Guam and Virgin Islands. Data for Louisiana (June–December 2005) and Mississippi (June–September 2005) are missing because of Hurricane Katrina.

did not exceed 130 percent of federal poverty guidelines. Simplified reporting appears to place less burden on participating families than the other reporting options.

In FY 2006, 44 states had simplified reporting for more than half the working families receiving food stamps (table 1). Hawaii, Minnesota, and South Dakota require monthly reporting for more than half their working family caseloads. Among the other states, California relies primarily on quarterly reporting, and North Dakota, Utah, and Wyoming use various forms of change reporting.

### *Face-to-Face Interviews*

One requirement that makes recertification onerous is the face-to-face interview; just scheduling the interview can be difficult for parents who work during the hours the Food Stamp Program office is normally open and are also responsible for child care. In 2003, FNS announced that states with below-average QC error rates would be eligible for waivers of the requirement of a face-to-face interview at recertification. FNS broadened the availability of the option in 2006, when it indicated that only states in their first year of liability status would be excluded (Foley 2006). FNS liberalized its standards once again in 2007, when it announced that state eligibility for these waivers would no longer be tied to a state's QC error rates at all (Foley 2007).

Twenty states currently have statewide waivers that allow them to conduct recertification interviews by phone (table 1). None of the studies reviewed for this brief tested the effects of this policy option.

## Discussion

The variability in states' adoption of FSP options means that working families and other participants face different program rules depending on where they live. Washington is the only state that has adopted the most expansive policy options in all seven categories (table 1). Massachusetts, New Mexico, Tennessee, and Wisconsin come next, with positive scores in six categories. The high score for Tennessee suggests that southern states, typically less generous on TANF (Finegold 2005), do not necessarily adopt less generous Food Stamp Program options. Notably, all the southern states use simplified reporting.[8] Three western states—Hawaii, Idaho, and Wyoming—make the least use of the options shown in table 1.

Opponents of PRWORA expressed fears that increased state flexibility under TANF would create a race to the bottom, in which states compete to make themselves unattractive to the poor by reducing benefits or imposing harsh sanctions. A decade later, researchers continue to argue over whether there has been a race to the bottom under welfare reform.[9]

Federalism has been more clearly benign in the context of the Food Stamp Program, which enrolls many more people than TANF and spends much more money. In a race to the bottom, states looking to drive away low-income families would not act to expand the Food Stamp Program, as they have done. States remain free to assign short certification periods and demand monthly reports or to rely on the standard rules for vehicles and categorical eligibility, and states are not required to waive face-to-face interviews, offer transitional benefits, or engage in outreach. Yet every state except Wyoming has chosen to adopt at least one of the expansionary options shown in table 1. Even that conservative state has adopted change reporting to reduce reporting burdens and increased its vehicle exemption from the standard $4,650 to $12,000.

With the federal government paying the entire cost of benefits and sharing administrative expenses, states have strong financial incentives for encouraging participation, now that the QC system no longer penalizes them for enrolling working families. Policymakers in the states may also be influenced by the framing of the Food Stamp Program as "work support" rather than "welfare," which has helped the program to not only survive PRWORA but grow, even as TANF cash assistance continues to shrink. Use of the state options discussed here is consistent with this conception of the program, and to the extent that the options do increase participation among working families, they strengthen the evidence for it.

## Notes

1. The 2008 Farm Bill changes the name of the program to the Supplemental Nutrition Assistance Program (SNAP), effective October 1, 2008.
2. The official name of the bill is the Food, Conservation, and Energy Act of 2008 (PL 110-246). The relevant

provisions of this bill and the food stamp provisions of prior law (the Food Stamp Act of 1977, as amended) together constitute the Food and Nutrition Act of 2008.

3. The change in the standard deduction will only benefit one-, two-, and three-person households because the standard deduction for larger households is already indexed for inflation under current law. The 2002 Farm Bill made the standard deduction equal to the greater of $134 (in the continental United States) or 8.31 percent of the federal poverty guidelines, which vary by household size and are adjusted each year for inflation. Under this formula, the standard deduction for the continental United States has remained at $134 for households of one to three people, but it increased from $134 for all households in FY 2002 to $143 for four-person households, $167 for five-person households, and $191 for households of six or more in FY 2008. The 2008 Farm Bill raises the minimum value of the standard deduction from $134 to $144 in FY 2009. This change will immediately increase monthly benefits for three-person working families by four or five dollars a month, with a greater impact in subsequent years (Rosenbaum 2008).

4. Urban Institute analysis of Food Stamp Program quality control data, FY 2006.

5. Urban Institute analysis of Food Stamp Program quality control data, FY 2006. The 38 percent represents the national proportion of individual participants living in working families. Another 38 percent of individual participants live in households with children and no earnings, 3 percent live in households with earnings and no children, and 21 percent live in households with neither children nor earnings. At the household level, 24 percent of participating households are working families, 28 percent have children and no earnings, 5 percent have earnings and no children, and 43 percent have no children and no earnings. These estimates, which exclude participants in Guam and the Virgin Islands, differ slightly from those in Wolkwitz (2007), which include participants in the two territories.

6. All counts of states with particular policies include the District of Columbia as a state but do not include Guam or the Virgin Islands.

7. Policy changes since 1996 have raised the threshold for unearned income to $50 and allowed states to seek waivers that raise the threshold for earnings to $100.

8. This is so whether one defines the South as the 11 states of the Confederacy (Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, and Virginia) or uses the Census Bureau concept, which also includes Delaware, the District of Columbia, Kentucky, Maryland, Oklahoma, and West Virginia.

9. See the articles and comments in *Social Science Quarterly* 87:4 (December 2006).

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This report is part of the Urban Institute's Low-Income Working Families project, a multiyear effort that focuses on the private- and public-sectors context for families' success or failure. Both contexts offer opportunities for better helping families meet their needs.

The Low-Income Working Families project is currently supported by The Annie E. Casey Foundation and The John D. and Catherine T. MacArthur Foundation.



The author thanks Caroline Ratcliffe, Margaret Simms, and Sheila Zedlewski for their valuable comments and Tess Tannehill for her help with research.

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